

Message Text

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ORIGIN ARA-14

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-05 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 AGRE-00 ITC-01 IGA-02 FEAE-00 EUR-12
L-03 H-01 /102 R

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FM SECSTATE WASHDC

TO AMEMBASSY CARACAS PRIORITY

INFO AMEMBASSY PORT OF SPAIN PRIORITY

AMEMBASSY KINGSTON

AMEMBASSY PORT AU PRINCE

AMEMBASSY PARAMARIBO

AMEMBASSY MEXICO

AMEMBASSY SANTO DOMINGO

AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY NASSAU

C O N F I D E N T I A L STATE 232848

E.O. 11652: GDS

TAGS: ECON, XL

SUBJECT: CARIBBEAN CONSULTATIVE GROUP, VENEZUELA

1. ON SEPTEMBER 26, DEPUTY ASSISTANT SECRETARY ARELLANO
AND BUSHNELL OF CARIBBEAN TASK FORCE MET WITH HECTOR
HURTADO, JAVIER PAZOS, EDUARDO MAYOBRE AND OTHERS OF
VENEZUELA IMF/IBRD DELEGATION FOR INFORMAL EXCHANGE IDEAS
ON CARIBBEAN CONSULTATIVE GROUP.

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2. PRINCIPAL ELEMENTS RAISED BY VENEZUELA WERE:

A. GREAT CONCERN WITH COMING PROBLEMS OF ARUBA, AND
ESPECIALLY CURACAO, IF THEY BECOME INDEPENDENT WITHOUT
SOME FRAMEWORK IN CARIBBEAN WITH WHICH TO ASSOCIATE.

B. STRONG CONCERN THAT CDB NOT VERY EFFECTIVE AND TOO INFLUENCED BY POLITICS OF AREA.

C. CONCERN THAT FAILURE OF ECONOMIES TO IMPROVE WILL RESULT IN POLITICAL RADICALISM WITH MAJOR IMPLICATION FOR FUTURE OF VENEZUELA.

D. WILLINGNESS TO BURY HATCHET WITH TRINIDAD IF WILLIAMS IS ALSO PREPARED TO DO SO.

E. REALIZATION THAT COUNTRIES IN AREA ARE PLAYING ONE DONOR OFF AGAINST ANOTHER AND THAT DONORS NEED GET TOGETHER TO IMPOSE GREATER DISCIPLINE.

F. CONCERN THAT MOVEMENT IN IDB TO CREATE DIRECTION FOR ENGLISH-SPEAKING CARIBBEAN CAUSES UNDESIRABLE SPLIT IN AREA AND IN IDB.

3. US SIDE INDICATED AGREEMENT WITH VENEZUELAN POINTS C, E AND F AND STRESSED NEED GET POLICY IMPROVEMENT IN AREA WITH IFIS TAKING LEAD. HURTADO DID NOT REACT TO PROPOSAL THAT IBRD PLAYING LEADING ROLE IN CONSULTATIVE GROUP AND HE DID NOT PUSH FOR MAJOR IDB ROLE.

4. HURTADO AGREED STRONGLY THAT GROUP OF RECIPIENTS SHOULD INCLUDE HAITI AND DOMINICAN REPUBLIC. PAZOS
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DISAGREED SAYING THIS WOULD COMPLICATE GETTING RECIPIENTS TOGETHER. HURTADO SAID NOT ONLY NECESSARY GET HAITI AND DR IN BUT ALSO THAT MIGHT HELP GET OTHERS TO CO-OPERATE, WHICH HE SAID ABSOLUTELY ESSENTIAL.

5. ALTHOUGH VENEZUELAN SEEMED HAVE INFORMAL GROUP LIMITED TO DONORS IN MIND, APPEARS THEY ARE RECEPTIVE TO OUR MORE FORMAL IDEAS AND TO BRINGING IN RECIPIENTS. MAIN PROBLEM AREA SEEMS TO BE FRICTION BETWEEN TRINIDAD AND VENEZUELA BUT EVEN THIS MAY PROVE MANAGE-ABLE ONCE MORE SPECIFIC PROPOSALS ARE ON TABLE. VANCE

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